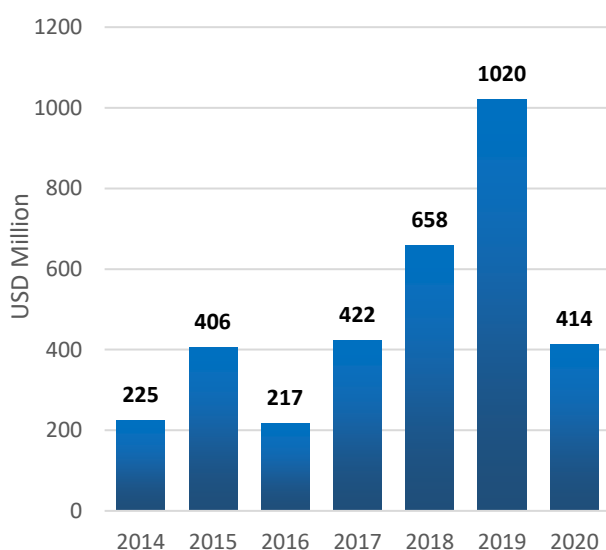


India Healthcare / life sciences

How Healthtech is Shaping The Industry

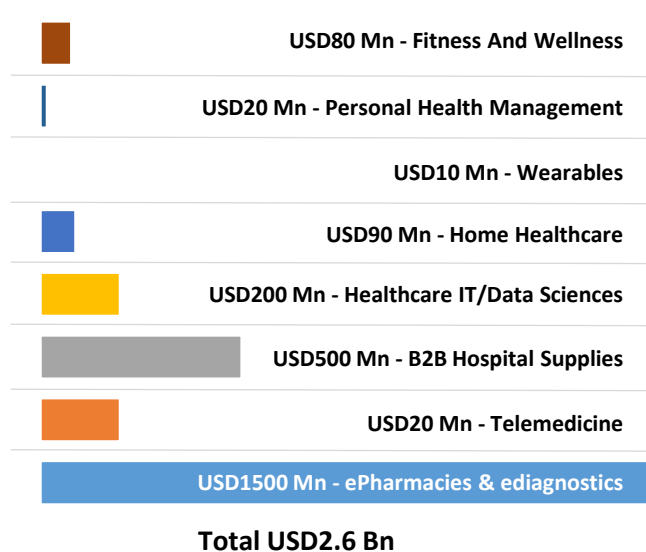
COVID-19 has created an urgency to digitize healthcare products and related services. The ongoing pandemic has brought to centre-stage the attention for healthcare and life-sciences sector as a central investing theme for the present decade. Increasing patient awareness combined with growing internet adoption (over 700 Mn Internet users in India in 2020; penetration reaching ~50%) has resulted in a vibrant digital healthcare ecosystem today. The Indian Healthtech market today is less than 2% of overall healthcare market (~USD2.6 Bn market in 2020, growing at 39% CAGR) leaving a large headroom for growth. More importantly, COVID-19 has pushed Healthtech adoption by multiple times compared to normal period. Given the wide adoption by most stakeholders viz. Government, patients, insurance companies, specialists etc. it is fair to assume that the digital adoption trends will continue to stick for a long time. India presently houses about 4800+ start-ups in the Healthtech space and 52 Healthtech start-ups have received funding in 2020 alone of over USD500 Mn. In the last three years the Healthtech sector has received over USD3 Bn private capital funding. Clearly, Healthtech has the potential to transform the way healthcare has been traditionally delivered in India as well as improve healthcare access by increasing the reach and affordability of the existing infrastructure.

India Healthtech Investment Trend



Source: Venture Intelligence

Healthtech Segmental Composition



Source: Industry reports, TCHF Industry Discussion Analysis

Healthtech Business Model Spectrum

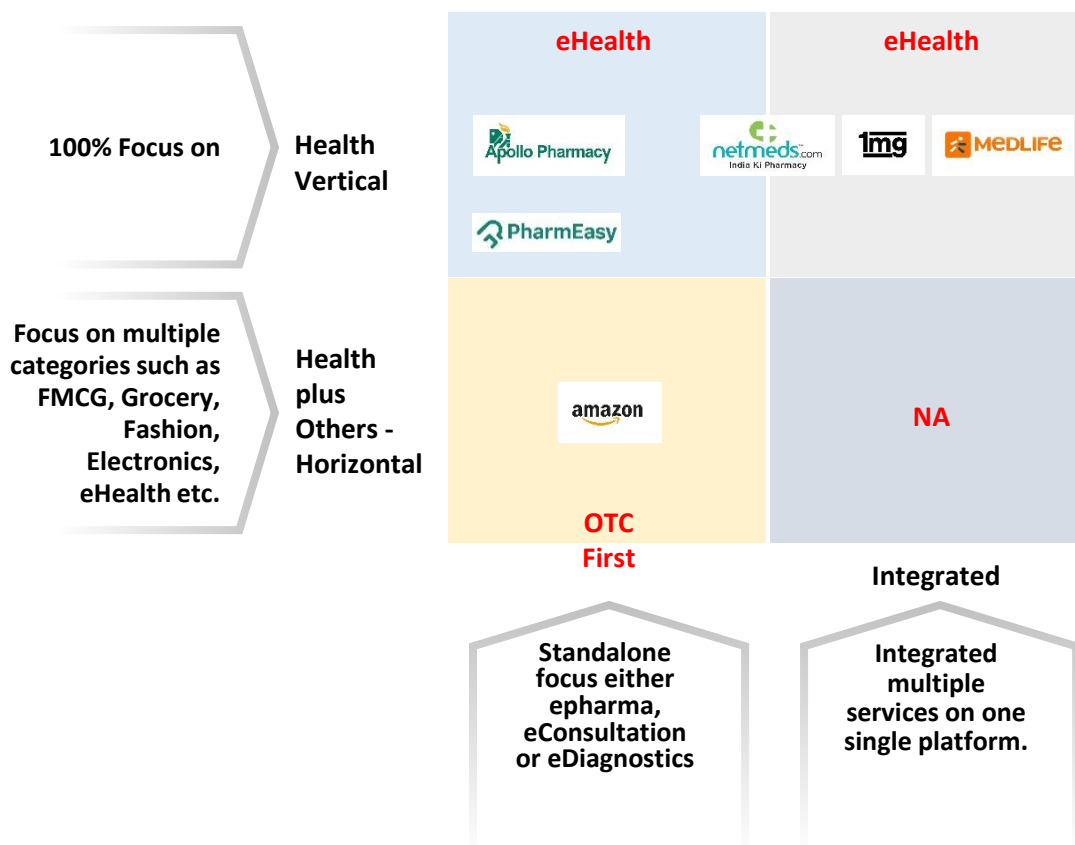
The **Healthtech** business spectrum can be divided into smaller ecosystem of businesses addressing a wide array of needs like distribution, supply chain, diagnosis, data management, care, rehabilitation, personal health and several others. The following are some of the Healthtech strategies at play currently in the Indian market place.

a) ePharmacy and eDiagnostics USD1.5 Bn GMV Market; 40% CAGR FY18-21

A clear beneficiary of COVID

eHealth services are digital platforms aimed at providing pharmacy, diagnostic and consult services. Compared to the traditional out-patient model, ehealth is a simple consumer facing model that solves various pain-points for the patients like travel, waiting time, limited availability of medicines/specialists, limited discounts, hassle with procedures and several others. The eHealth market was sized at USD1.5 Bn GMV in FY20, 90% of which was ePharmacy-led. The ehealth sector is projected to reach a market GMV of USD11-\$17 Bn by FY 25. More importantly, the eHealth market experienced significant adoption during COVID with support from consumers, doctors, hospitals, regulators and investors. Overall, the sector is a clear beneficiary of COVID lockdown. Most pharma manufacturers have started to partner with eHealth platforms as they bring benefits through their organized tracking and wider reach. Investors too have an optimistic sentiment towards eHealth with the sector having attracted nearly USD500 Bn private capital in the last 24 months.

ePharmacy and eDiagnostics Business Models



b) Telemedicine; USD200 Mn market; 50% CAGR FY18-21

Ability to tap a deep specialist pool; encouraging regulations

Telemedicine includes online doctor consultation via video, chat or audio and online appointment booking for physical consultations. Driven primarily by the safety factor and ability to tap a deep and wide pool of specialist doctors, econsultation has seen a rapid rise in popularity among patients during the COVID period. For doctors too, the partnering services offered by the Telemedicine platforms and the rising patient base has ensured an efficient use of their time. Given the fairly large base of frequently transacting chronic patients, It is estimated that almost all econsultation doctors are likely to continue with Telemedicine platforms post COVID. Regulatory guidelines too have recently encouraged the use of econsultation to prescribe medicines and there is a clear classification of permissible medicines that can be prescribed in this manner.

Telemedicine Business Models



Online healthcare platform for appointment booking, telemedicine and practice management; also makes software products for the delivery industry | Fund raise USD193 Mn from InnoVen Capital, Trifecta Capital, Sequoia, Matrix, Sofina, and others



Has both a Teleconsultation interface and ecommerce platform selling health and wellness products as well as online lab testing service | Over one lakh registered doctors | Total raise USD 15 Mn | Nexus Venture, Tiger Global, RNT,



Bangalore based hospital - ready platform for hospitals to start teleconsult | Also has direct customer interface for health records, long term care, alerts | also offers local services – physicians, labs, medicines | 6.350+ hospitals, 6 cities, 2000+ consultation per day | Total raise – USD 60 Mn | Beenext, Japans' SBI venture, Prime venture, Stellaris





Source: Industry reports, TCHF Industry Discussion Analysis

c) B2B Hospital Supplies; USD500 Mn market; 40% CAGR FY18-21

Helping reduce the complexity in hospital procurement

The hospital procurement market is a highly fragmented and complex supply chain involving 5,000+ Manufacturers and catering to over 10L Healthcare providers. To add to the complexity there are over hundred thousand hospital supply distributors who supply over 500K SKUs. The B2B Hospital supplies companies are relatively newer businesses that operate as market place models. These companies work to help hospitals improve their supply chain management with better reordering and forecasting. They also help in reducing interaction time with multiple vendors and product identification thereby increasing the operational and capex efficiency. More importantly such institutionalized SCM works towards elimination of pilferage and intermediaries.

B2B Hospital Supplies Business Models

Parameter				
Focus customers	Nursing homes and doctor clinics	Corporate chains and large hospitals	sub-distributors	Small clinics and doctor-led practices
GMV per month (Dec 20)	90 Cr	39 Cr	3-4 Cr	3-4 Cr
Investors	Healthquad, Rebright Partners others	LGT	Carpediem Capital, SIDBI	Orios Venture Partners

Source: Industry reports, TCHF Industry Discussion Analysis

d) Healthcare IT / Data Sciences USD20 Mn market; 30% CAGR FY21-26

Growing need For healthcare data management

These are new age businesses that provide data handling tools and data management services to various companies. These tools help in managing costs, improve information transparency and thereby improve revenues. Typical examples could be R&D services like compliance and governance of clinical trials, care management, referral services, patient engagement, digitally managing a clinic etc. While this model has the advantage of low customer acquisition cost, some of the critical success factors would be quality of algorithm with proven accuracy of findings and established commercial models on which large pool of samples are tested. This segment has been fairly active in terms of attracting investor interest.

Healthcare IT/ Data Sciences Business Models

 <p>FOCUS: BIG DATA ANALYTICS: Cloud solutions, big data and AI driven analytics in life sciences</p>	 <p>FOCUS: Provides healthcare providers with date on population, health, referral management, patient engagement.</p>	 <p>FOCUS: Offers R&D and management services to healthcare and pharma companies for compliance and governance of clinical trials</p>	 <p>FOCUS: Provides EMR software to medical practitioners, clinical decision support, generating e-prescriptions and digitally managing the operations of their clinics</p>	 <p>FOCUS: Builds software for hospitals, clinics, and labs around the country.</p>	 <p>FOCUS: Full-stack model encompasses a patient portal, scheduling capabilities, business analytics, billing information, charting, patient engagement tools, among others.</p>
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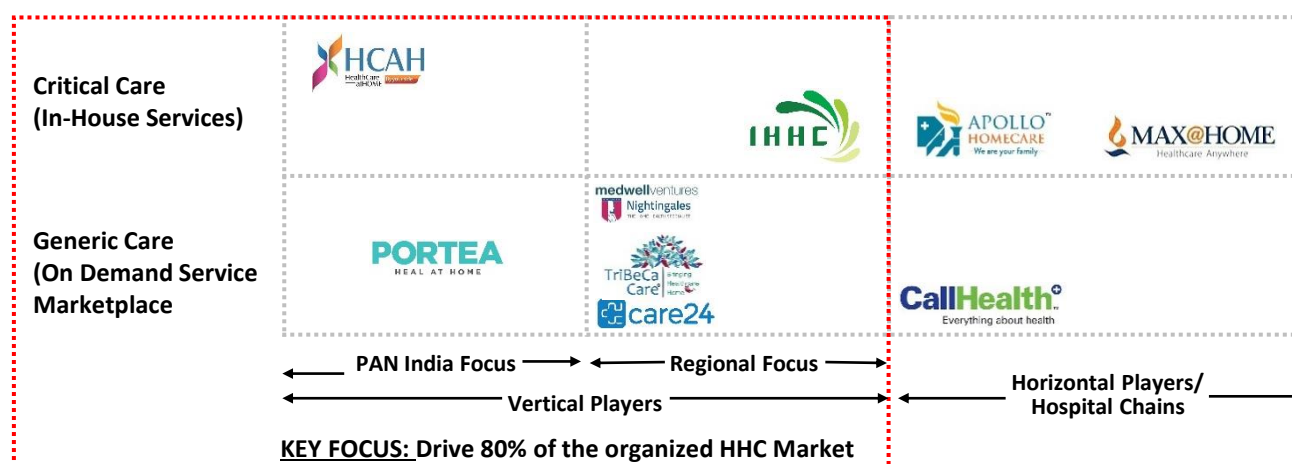
Source: Industry reports, TCHF Industry Discussion Analysis

e) Home Healthcare USD90 Mn GMV; 20% CAGR FY18-21

Addressing pain points of traditional hospital services

The Home Healthcare model seeks to address the pain points of hospital services in India like risk of other infections, high hospitalization expenses and lack of personal care. As of today, Home healthcare is a USD90 Mn market; however the potential addressable market is several fold. It is estimated that on a like to like basis, Home Healthcare can be about 40% cheaper as compared to hospitals. More importantly, with the love and care of friends and family along with a comfortable environment, patients have a faster recovery cycle. Over the last few years there has been rising doctor's acceptance of Home Healthcare which has also been aided by insurer's willingness to cover Home Healthcare expenses. This market is estimated to grow at 15-19% CAGR over the next five years.

Home Healthcare Business Models









Source: Industry reports, TCHF Industry Discussion Analysis

f) Healthtech Wearables USD10 Mn GMV; 40% CAGR FY18-21

Growing personalization of care

There is increased awareness about some of the prominent benefits of wearables across the care continuum viz. early identification of health risks, positive lifestyle and behavioral changes and personalization of care. The consumer wearables market today is predominantly made up of wrist band and watches and the different offerings focus on the health tracking features like ECG Sensor, Heart rate and activity, sleep patterns etc. The overall wearables market in India albeit small at about USD10 Mn is estimated to grow at over 60% CAGR over the next five years. The demand for wearables is set to increase with consumer awareness on preventive health along with smartphone and internet penetration. Over the long term issues wrto data privacy and affordability will need to be addressed.

Healthtech Wearable Business Models

 <p>Apple watch has an ECG sensor and also measures heart rhythm. It also has a heart fall detection system</p>	 <p>Fitbit Versa measures sleep and breathing along with heart rate and activity</p>	 <p>GoQii's Vital 2.0 has a BP and an ECG sensor</p>	 <p>Xiaomi's Mi bands and Titan's fast track reflex track activity and measure heart rate</p>
 <p>Wearable patch for real time monitoring of cardiac signals and body vitals</p>		 <p>Smart shoe insoles integrated with a smartphone app to monitor user's running pattern. Provides real time foot and knee stress monitoring.</p>	 <p>Wearable for stress management, mental health and epilepsy alerts.</p>




Source: Industry reports, TCHF Industry Discussion Analysis

g) Fitness and Wellness USD80 Mn Market; 50% CAGR FY18-21

Standardizing the fitness model

This segment focuses on providing a standardized model for fitness and wellness which is still an unmet need in the country. Customers are offered digital and offline experiences across fitness, nutrition, and mental well-being. This business model could operate as either asset light and asset heavy models offering therapy sessions on mental wellbeing, Ayurveda etc along with products. Some of the factors for this business model to succeed are a high paying and sticky base of customers, ability to source and retain supply of trainers, have adequate equipment and capital for initial set up and low cost of customer acquisition.

Fitness and Wellness Business Models

	<p>Health and fitness company offering digital and offline experiences across fitness, nutrition, and mental well-being Offers meals, mental wellbeing, therapy, Ayurveda, Own Brands/Co-branded products USD285Mn fund raise from Unilever Ventures, InnoVen Capital, Accel USA, Chiratae Ventures, Kalaari Capital, Others</p>
	<p>Pune based community fitness model Funding from Sequoia</p>
	<p>Chennai based fitness studios; 200 employee and 40 studios USD10Mn fund raise from Fireside Ventures</p>

Source: Industry reports, TCHF Industry Discussion Analysis



This thematic has been conceptualized and written by the investment team at Tata Capital Healthcare Fund (TCHF), a growth oriented private equity fund primarily focused on the healthcare and life Sciences sector in India. The investment team of TCHF can be contacted at info.tchf@tatacapital.com.